JPRS 81721

8 September 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2313

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 81721

8 September 1982

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2313

CONTENTS

CZECHOSLOVAKIA

Plan Preparations for 1983 Outlined
(RUDE PRAVO, 14 Jul 82) 1

ERRATUM: In JPRS 81631, 25 August 1982, No 2308 of this series, in article UTILIZATION OF FALLOW LAND BY PRIVATE GROWERS, BREEDERS:
on p 29, para 3 change to "language of law no 124/1967"...not 127
on p 31, para 2 under b) change to "--paragraph 40"...not 24

GERMAN DEMOCRATIC REPUBLIC

Agriculture Minister Kuhrig Addresses 12th GDR Farmers Congress
(Heinz Kuhrig; NEUES DEUTSCHLAND, 14 May 82) 5

HUNGARY

CEMA's Problems, Future in World Economy Analyzed
(Laszlo Csaba; VALOSAG, No 7, 1982) 29

Enterprises Develop New Export Products
(MAGYAR HIRLAP, 3 Aug 82) 46

PLAN PREPARATIONS FOR 1983 OUTLINED

Prague RUDE PRAVO in Czech 14 Jul 82 p 1

[Text] Intensive preparation of next year's plan is taking place, even though it is vacation time. It is being based on the previously adopted Seventh Five-Year Plan. Individual organizations are expected to present their proposals before 23 July, intermediate control bodies before 18 August and central administrative bodies before 15 September. Even though time is short, plan preparation must be done as carefully as possible, all alternatives and unused resources must be evaluated and, especially, the most important tasks must be identified.

Of these, foreign trade planning must be given priority so as to balance external economic realtions by consistently supplying sufficient amounts of such goods to significantly increase the effectiveness of foreign exchange. In preparing and conducting next year's trade negotiations with socialist countries the intentions of the 1983 directive must be consistently observed. It is particularly necessary to strive for complete fulfillment of the obligations resulting from plan coordination and long-term trade agreements. Notably, we must prevent further deterioration in the imbalance between exports and imports of machine industry products and seek to improve this area.

At first glance it would seem that central administrative agencies should be responsible for securing these tasks and commercial activity should be planned by the appropriate trade administration. However, all the prerequisites for successfully fulfilling the objectives described above must be developed by the manufacturing area. We cannot assume good results can be obtained simply through negotiations. Negotiations must be based on offering products which exceed the standards of items previously available, namely in terms of technological and economical parameters, quality, delivery terms and post-purchase service. The development, design and project institutions as well as enterprises responsible for all stages preceding manufacture and the manufacture itself must consistently create conditions necessary to achieve this goal.

Manufacturing must strive to produce products able to find effective application in any area and to successfully compete with foreign products on every market. This goal must be taken as the basis in supplying non-socialist markets. The foreign trade area objectives proposed in the directive must be

considered as a minimum. It must become a matter of honor for all our manufacturing enterprises participating directly or indirectly to fulfill export objectives, to exceed all requirements, especially in terms of quality. Therefore, it is necessary to plan, to contorl and to organize the production process in such a way that the invested raw and processed materials, fuel, energy and manpower are transformed into signficantly higher values.

A second important task for next year is to change the situation in developing surface coal mining to comply with the expectations of the coal production plan. For these purposes all available means should be used, included technical, economic, organizational and cadre measures. Efforts must be made throughout the entire fuel and energy area to further increase the effectiveness of the manufacturing process, making it reliable for securing the needs of both industry and population. The consumer goods areas must not exceed the consumption limits and must succeed in saving fuel, energy and raw and processed materials. These efforts must aim to consistently create conditions and prerequisites for the "One Day From Saved Material, Fuel and Energy" program in as many enterprises as possible in response to the appeal of the 10th Trade Union Congress which called for increasing fuel and energy savings by a half percent.

While preparing the plan for next year, it is necessary to consistently observe and apply the principles of the Set of Measures for Improving the Planned Management System of National Economy. This primarily applies to the area of scientific and technical development, which is the main focus of the plan, and where the objectives of the Seventh Five-Year Plan require higher priority and more consistent attention. New knowledge from science, research and technology must be more readily applied especially to principal tasks. Even in this context it is still necessary to remember that the main effort must be directed to creation of significantly better conditions for introduction of our goods into foreign markets, to the solution of the fuel and energy situation and to a well-planned decrease in consumption of imported raw and processed materials.

Ensuring sufficient and convenient supplies of goods for the domestic market will require exceptional attention in drafting the next year plan. In this context it is necessary to significantly improve the supplier-purchaser relations between retail and manufacturer, to test the present distribution system according to store types and residential area sizes, to improve supplies from manufacture directly to stores, to improve the area distribution system of the food industry supplies, to improve the methods of selling and ordering furniture and to improve clothing merchandise and shoe size structure.

In order to improve the structure and assortments of goods in the domestic market, it is desirable to break down the complementary consumer goods manufacture program for those organizations which have never manufactured consumer goods but which have good conditions, the necessary equipment, and, especially, unused stocks of material, which exceeds the standard inventory, waste material and manufacturing rationalization, which can be used for such manufacture. In these organizations, a goal of producing consumer goods--especially those in short supply--should be set equal to at least one percent of gross production.

While drafting the 1983 plan proposal for the agriculture/food complex, it is necessary to begin with priority tasks determined by the Seventh Five-Year Plan; however, it is necessary to secure primarily fodder and grain production and to continue to change the structure of animal production to improve cattle raising. In production of processed food it is necessary to improve efficiency, the degree of use of processed raw materials and the product quality.

In drafting the plan for next year it is also necessary to apply the implementation counter planning method to the greatest possible extent and in this way to create economic incentives both for organizations and individuals. It is required that the Five-Year Plan year objectives in the proposal are not only fulfilled but exceeded. In doing so, it is necessary to consider conditions and the normative relations determined by the Five-Year Plan directing the initiative for increasing adjusted value added, decreasing the number of workers, increasing profits and production assets and returns, and achieving growing and profitable exports.

As priority objectives, the yearly economic plan determines also decisively important subsupplies needed for the fulfillment of state goal-oriented program priority tasks from organizations managed by other central agencies, priority objectives in the exports of complete industrial plants, priority tasks in technological development state plan, priority constructions and priority assignments of the development work plans, priority supplies for heat generation and distribution to housing complex construction. These subsupplies have the same priority as the priority tasks which are secured by them and, therefore, they must be designated as such in the plan's lower level breakdowns.

Application of scientific and technical development and intensification of the national economy must penetrate the entire proposal for the next year plan. It is necessary to bear in mind that these are the conditions for further development of society and the realization of its goals.

9814
CSO: 2400/331

AGRICULTURE MINISTER KUHRIG ADDRESSES 12TH GDR FARMERS CONGRESS

East Berlin NEUES DEUTSCHLAND in German 14 May 82 pp 3-4, 5

/Excerpts from address by Heinz Kuhrig, minister for agriculture, forestry and foodstuffs, to 12th GDR Farmers Congress in East Berlin, 13-14 May 1982: "With Fighting Spirit and Optimism To Achieve Everywhere the Output of the Best"/

/Text/ Dear Delegates! Dear Comrades and Friends!

The 12th Farmers Congress of the German Democratic Republic is an event to be noted as an important milestone of socialist democracy.

Toward the end of 1981 the committee in charge of preparations submitted the drafts of the resolution and the LPG law. Barely 24 hours later we saw the emergence of a fiery, creative discussion distinguished by many initiatives and involving every village and every agricultural production cooperative. The district farmers conferences were the culmination of this magnificent interaction.

Resolutions Bear the Handwriting of Many

I am able to report that, up to now, 11,441 amendments and proposals have been submitted with reference to these documents, and they are now available for your inspection.

As you will see: The drafts of the resolution and of the LPG law bear the handwriting of thousands and tens of thousands of farmers and workers, the imprint of the district farmers conference, of the parties allied with the Socialist Unity Party of Germany. All of them contributed to the text by a series of constructive thoughts. And you will agree with my remark that the entire great debate, all recommendations and suggestions are distinguished by a common feature: Fighting spirit, optimism and creative force, the resolute and unanimous resolve on the basis of the Tenth SED Congress resolutions to arrive at another and lasting rise in performance.

All those who were involved deserve our profound gratitude. (Loud applause)

We may well claim that GDR cooperative farmers are guided by the words pronounced here a year ago, at the Tenth SED Congress, by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State.

He said: "Our Tenth SED Congress points a clear Marxist-Leninist direction for the coming years. They will be a time for new initiatives and creative work, a time for the GDR to further gain strength and prosperity.

The tasks to which we are committed are challenging and beautiful but not easy.

Life in socialism is to further improve for all. Our social security is to be maintained and increased for all.

And let there be peace in future also!"

Let Us Respect Grain as Much as Oil

Cooperative farmers are well aware of farming's great responsibility for a stable food supply to the public and of raw material supplies for industry.

They know that the continuing successful implementation of the main task and its core, the unity of economic and social policy, depends on their efforts also.

They are further aware that the economic strategy resolved by the Tenth SED Congress for the 1980's is the exact guideline for their successful work.

For that reason the following issues received serious attention in the preparation of our congress:

-- The struggle for higher yields in fields and barns,
-- The rise in grain production,
-- The better organization of the feed base,
-- The improvement of the cost/result ratio,
-- The comprehensive use of science and technology,
-- The application of the experiences of the best.

Farmers have well appreciated Comrade Erich Honecker's remark that the current grain problem truly ranks with the oil problem.

That is why they are proceeding gradually to cut down on grain imports.

Respect for grain has been a farming tradition for centuries.

As a result many villages echo the words of our general secretary: Let us respect grain as much as we respect oil, and let us respect oil as much as we respect grain.

Therefore, delegates, our cooperative farmers are turning out in the current stage of our advance to be yet again loyal and reliable allies of the leading working class.

Milestones of Three Decades of Cooperative Development

These initiatives appropriately continue 30 years of successful socialist advances in our agriculture. They were initiated by the Second SED Congress in 1952.

Since the time that working farmers from Worin, Alt-Tucheband, Merxleben, Fienstedt and many other villages appealed to the Central Committee of the SED for support in establishing agricultural production cooperatives, progress has been made as never before in centuries past. In order to refresh the memory, permit me to mention a few of the salient landmarks of these mere 30 years:

Production has increased many times over, with a [simultaneous] decrease in the labor force by more than half. Production technology was thoroughly revised. Available land funds increased fourfold, work productivity five-fold.

Almost 90 percent of farmers have completed some professional training; 7.4 percent graduated from special or advanced schools. I may add here that 30 years ago so few farmers had any professional training as to make it impossible to cite a percentage.

Marxism-Leninism has moved into the villages. The exploitation of man by man has been abolished, and a village community of truly equals has developed.

Important bases were created for removing significant differences between city and village life.

We witnessed the development of the class of cooperative farmers. This has achieved tremendous successes and, by this congress, plans and initiates further successes for the benefit of our socialist republic.

In view of all these results, unprecedented in German farming history, it is hardly necessary to point out once more tha appropriateness of the voluntary decision to establish agricultural production cooperatives.

Nor is it necessary to emphasize the truth of the principle that socialist production conditions in the village are part and parcel of a socialist country.

The fact that more than 50,000 from their ranks are acting as representatives in the people's representations is evidence of the depth and efficacy of our socialist democracy and the maturity of the class of cooperative farmers.

The district farmers conferences have just elected new councils for agriculture and the foodstuffs industry; 11,406 cooperative farmers and workers in agriculture, forestry and the foodstuffs industry are involved.

The cooperation councils for crop and animal production are governed by 18,830 committed and knowledgeable elected representatives.

Ten percent of the deputies in our People's Chamber are cooperative farmers.

It is instructive to remember that a handful of large farmers and landholders in capitalist countries to this day defeat rather than represent the interests of farmers in general, all the more because these people usually also hold fat portfolios in banks and industry.

Our achievements in social affairs are highly significant. The SED sociopolitical program includes the imprint of our farmers, and its vital core--the housing construction program--equally benefits farmers.

Each farming family receives the same services from social funds as all other citi0 zens of our state. They equaled M10,800 in 1980 for each household.

Housing conditions improved for some 100,000 farming families since 1970 alone.

On top of all this, comrades, there are issues which are no longer discussed because they are taken for granted as if they had always existed: The same education for

farm children as for city children, the same opportunity to enter a university, the clinics or medical centers in the village, the kindergarden and the nursery school.

This wonderful development is due to the steady consolidation of the alliance between the leading working class and the class of cooperative farmers. We rightfully describe this alliance as the political base of our society. With the tried and tested leadership of the SED Lenin's cooperative plan was creatively implemented in the GDR. As the result our society achieved an outstanding success in its rural areas and did so within a period to be reckoned very brief indeed in terms of history. (Loud applause)

Comrade Erich Honecker, we feel a sincere need from the rostrum of this congress to thank the SED Central Committee and you personally for the prudent policies aimed at securing and maintaining peace, strengthening socialism and benefiting the prosperity of the people. (Long lasting fervent applause, cheers for the Central Committee and its general secretary)

We promise to continue everything in our power to enable the Tenth SED Congress resolutions to be fully implemented. (Frantic applause)

We Feel as One With the Soviet Union and Its Unflagging Peace Policy

Our profession of faith and our deeds for socialism, the further consolidation of our state are founded on the awareness that bread for our people may flourish only in peace.

The same awareness tells us that peace is the more secure the stronger socialism waxes. That is why all our energy and strength must be devoted to the strengthening of our state.

This applies especially at a time when the most aggressive forces of imperialism let no day pass without threatening peace.

We watch in disgust and sorrow the arms race fueled by imperialism,
The evident danger of a third and nuclear war,
The slogan--as dangerous as it is stupid--according to which it is necessary to rearm in order later to disarm,
The indescribable fattening up of the NATO countries arms budget,
The merciless slashing of social spending, and
The abuse of food for the purpose of blackmail.

Here, at their 12th Farmers Congress, the GDR farmers proclaim that they see nothing to equal the importance of peace! (Frantic applause)

In view of imperialist rearmament we will do everything that may serve to strengthen the GDR and, therefore, peace.

We feel as one with the working class and its leading party.

We will therefore do everything possible to strengthen the defense preparedness of the first socialist state on German soil.

We also feel as one with the Soviet Union and its unflagging peace policy.

We welcome the peace program enunciated by the Twenth-sixth CPSU Congress and the disarmament proposals submitted at the 17th Soviet Labor Union Congress by our friend Leonid I. Brezhnev, general secretary of the CPSU and chairman of the Presidium of the USSR Supreme Soviet.

The alliance with Lenin's country, our full agreement with its peace policy imbues us farmers too with optimism and a feeling of strength.

We know that we stand side by side with those who not only have the will for peace but also the strength to defend it.

We know that this peace policy is as old as the Soviet Union itself.

Even though a new generation of farmers has grown up since, we still remember the tune of the "Thousand Tractors." This awareness has entered the permanent treasury of GDR farmers experiences.

We are happy to see that just now more and more people in capitalist countries are .ecognizing where to find the friends and enemies of peace.

The increasingly include farmers who, year by year, see less future in capitalism. Their entire lives are lived in fear of bankruptcy, of lower incomes and concern about sales. And all this although millions of people go hungry.

These millions must find out that we farmers stand by them, that we have established more than 4,500 solidarity committees in our cooperatives and enterprises--in order to be able to help them.

Properly and Prudently to Use the Great Potential

A great economic potential is in the hands of cooperative farmers.

They dispose of

87.5 percent of agricultural area,
89 percent of livestock, and
80 percent of all basic assets in farming.

The preparations for the Farmers Congress, the great discussion and the many letters addressed by farmers to General Secretary Comrade Erich Honecker and the leadership of our party leave no doubt that this potential will be appropriately and prudently used to strengthen socialism in our country and thereby strengthen peace.

Cooperative farmers have developed the same great creativity as the workers on state farms, combines for industrial fattening, state enterprises for agricultural equipment, rural construction and soil improvement, forestry and the food industry. All of them have a respected place in our society. Their efforts at all times reflect their readiness to achieve outstanding performances even in the changed conditions of the 1980's.

One basic thought ran through all discussions, motions, proposals and suggestions regarding the draft resolution and draft law: By the extensive use of scientific-technological advances to continue ensuring stable food supplies to the public and raw materials to industry--at the right time and in the appropriate assortment.

Nowadays the GDR is among the countries with the highest per capita consumption of all important foods.

Better Results from Every Hectare

I do not need to cite examples. You are all familiar with them. It will now be necessary, in consideration of the changed international situation, to consolidate our earlier gains and further expand our achievements. Here the continuing advance of grain cultivation assumes great significance.

At the Tenth SED Congress Comrade Honecker said: "As you all know, food is increasingly important in the international class conflict between socialism and imperialism.

It is therefore all the more necessary further to raise domestic output by way of intensification."

Cooperative farmers and workers in socialist agriculture are well aware that their work goes far to decide how the main task will be implemented in the 1980's. They are therefore making increasing efforts reliable to realize their obligations to the alliance. We have everything required to do so.

We have the proven alliance between farmers and the working class. We have wise and well educated cooperative farmers. And we have yet another important asset: The benefits of the socialist planned economy and its ability flexibly to react to new needs.

In just that spirit we will even more consistently concentrate management and planning on raising the output of crops and livestock per hectare, beginning with the Ministry for Agriculture, Forestry and the Food Industry, going on to bezirk and kreis councils through to combines, LPG's, VEG's /state farms/ and cooperative facilities.

To ensure stable food supplies to the public and raw material supplies for industry we are setting ourselves the goal to achieve by 1985 at least 43.7-44.2 decitons of grain units (dt GE) per hectare of agricultural area (LN).

The total obligations assumed at the district farmers conferences amount to an excess of the yield targets by 0.7 dt GE per annum, beginning this year.

We agree with the cooperative farmers who hold that it will now become necessary persistently in our daily labors to translate into action the challenging obligations assumed. That goes for every agricultural production cooperative, state farm, cooperative facility, brigade and section.

As for livestock production, the task here will be to make available annually by 1985 2.4 million tons of slaughter cattle, 6,930,000 tons of milk, 4,720 million eggs and 7,000 tons of wool, and to do so with less feed concentrate.

These achievements will ensure a stable level of supplies for our people.

As you know agriculture and forestry supply more than half the primary raw material yield of our economy. It thus has a great deal of responsibility in this field also, especially when we consider that, in contrast to other raw material sources, this one lends itself to steadily expanding reproduction.

Karl Marx already stressed the basic advantages of land insofar as it may be steadily improved by correct treatment and utilization.

It is up to us fully to develop and use this advantage.

In recognition of this fact we must consider extensive land improvement a central task of agriculture.

That offers a large field of action to every cooperative and enterprise as well as to farm science! A field of action in the best farming tradition!

Yields and Costs to Be Measured Against the Highest International Standards

As regards our efforts to improve yields, we too must measure ourselves against the highest international yields.

Involved here are not only yields but also their cost.

Only thus will we be able successfully to realize the economic strategy.

Our best LPG's and VEG's can hold their own in the international comparison. They include the Albersroda LPG, Kreis Querfurt, at 58 dt grain per hectare in the average of 1978-1981 and on 83 fields as well as the Lindenberg VEG at 33.7 dt per hectare on 28 fields on the sandy soil of Mark Brandenburg.

In the case of sugar beets we have the Hassenhausen LPG, Kreis Naumburg, at 504 dt/ha, Gamstedt, Kreis Erfurt-Land, at 474 dt/ha, Langenweddingen, Kreis Wanzleben, at 475 dt/ha and Striegnitz, Kreis Meissen, at 468 dt/ha.

As for potato production we may boast of a growing number of LPG's and VEG's that have been achieving excellent yields at good quality for many years, for example the Oehna LPG, Kreis Jueterbog, at 344 dt/ha, Rothenschirmbach, Kreis Querfurt, at 320 dt/ha and Seyda LPG, Kreis Jessen, at 302 dt/ha.

I would like to make particular mention of the Goehlen LPG, Kreis Ludwigslust. This achieved 300 dt/ha on only 19 fields.

It is our aim in the 1980's to conduct many enterprises to this level, at the same time improving the cost/result ratio.

This represents quite a challenge to our agricultural scientists. It is the way to accomplish the greater tasks in grain output.

It is vitally necessary for our republic to raise the hectare yields of, especially, grain and all other feed concentrate crops with the aim gradually to decrease grain imports and ultimately cease such imports altogether.

This is an issue of basic importance in the international class conflict.

For the same reason it is a very serious obligation toward our allies.

In their letters to the SED Central Committee general secretary the cooperative farmers tend to start from the premise that it will be necessary this year already to advance significantly in this field by raising yields and increasing the area of cultivation.

By cultivating more than 2.5 million hectares of grain in 1982 the grain area was expanded by 46,300 hectares compared with 1981.

A Simple Truth and the Experience of the Best

It is a truly remarkable fact that the thoughts and actions of many farmers are determined by a simple truth: As we are unable to choose the weather, we are totally committed to using every favorable hour, regardless whether it occurs during working hours or at the weekend, whether during the day or at night, so as to observe the agrobiologically and agrotechnically most favorable dates and time spans.

We certainly agree with that attitude and merely add the promise that we will everywhere act according to this truth.

The most successful collectives are primarily distinguished by the fact that they fully utilize the potential of the various fields and settle all necessary measures in a highest yield conception that also represents the basis of their daily labors in the socialist competition.

This should inspire all LPG's and VEG's in the entire cycle of vegetation to ensure strict output control and supervision of the various tilled fields, including stable plant protection, and quickly deal with all issues in the interest oc achieving the highest possible yields.

The key to the solution of the grain problem is the assurance of high yields and quality for all crops, especially feed. We will thus gradually free areas for expanded grain cultivation. By 1985 this is to be increased by at least 120,000 hectares to 2.675 million hectares.

When we consult international results, our greatest efforts are needed in the sphere of sugar beet yields.

This requires basic conclusions in order to strive for yields of 400 decitons and more per hectare in the main beet districts through 1985.

With the assistance of our scientists we will generalize the experiences of LPG's and VEG's that have already achieved this standard.

In the case of potatoes also it is urgently necessary further to raise yields so that all over our republic we may reliably harvest more than 200 decitons per hectare.

This is essential in order to supply good quality potatoes to the public, fulfill the plan tasks for the production of potato starch and seed potatoes and, in addition, make available at least 4.5 million tons of feed potatoes.

At the 11th Farmers Congress Comrade Erich Honecker admonished us about the blue spots on potatoes and thereby drew our attention to the fact that quality counts for just as much as quantity.

I am happy to report that we have resolutely labored to progress in both these fields. Complaints about poor quality have substantially decreased.

And yet we must admit that there are still some blue patches, and we certainly have no ground for complacency.

By raising the yields of our most important feed concentrate crops we have directed our efforts to the further intensification of coarse feed production. This accounts for about half the demand for feed energy, and this percentage will have to increase even more. For that reason the ongoing intensification of pastures and feed crops is a crucial task in the competition program.

From this aspect the pastures in the GDR will be expanded from 540,000 hectares to 666,000 hectares. The basis of the improvement of work in this field is the "Complex Feed Program for the Period Through 1985" that is in the hands of all delegates.

We are glad to note that, in preparation of our 12th Farmers Congress, many suggestions have been submitted for the development of vegetable and fruit production. They are directed in particular to the appropriate year round supply to the public. Better rural supplies of vegetables and fruit in the villages call for the even more efficient development of the potential available everywhere.

Vegetables and fruit will then reach the consumer fresh and without losses. Moreover there will be savings with regard to transportation costs.

Land Is and Remains Our Greatest Treasure

The further intensification of crop production has absolute priority, because upon it depends the dynamic development of the entire agriculture and food industry.

The close relationship of farmers to the land is a productivity factor that cannot be overestimated.

Our children and grandchildren will still live by our main means of production--the land.

It is one of our greates resources and stated to be such in the GDR Constitution. The same principle was confirmed by the land use decree.

It is truly a good and honorable task to maintain it with all energy, defend it against any inroads and raise its fertility.

Intensification focuses on the complete utilization of every square meter of land and the rapid improvement of its fertility. Involved here is mainly the application of organic substances. Crop farmers and livestock raisers together set out to gain more and better manure and other organic substances as well as apply them to the best advantage. The manufacture of field composts such as the utilization of low moor turf, sea mud, material excavated from ditches, activated sludge and other waste products is of growing importance. Cooperative farmers with foresight have called for land to be permanently assigned to sections and brigades and, with the help of scientific centers and other scientific facilities, for work everywhere to proceed in accordance with stable crop sequences by 1983/1984.

By way of contrast capitalist countries are adopting extensive measures to prevent farmers from producing. The Reagan Administration, for instance, has enacted an entire program aiming at the discontinuation of crop cultivation on large tracts of land.

Nothing more clearly characterizes the inhumanity of the capitalist social system than such a prevention of food production at a time when millions go hungry; such a social order pronounces its judgment on itself.

Feed Production in the Regions Never More Important

We assert that the connection between the further rise in livestock production and our own feed yields has never been more necessary, important and significant.

We are ready to confront the challenges arising therefrom. Many collectives have set themselves the target of organizing greater feed production in their regions in order to safeguard the planned rise in performance of animal husbandry, to make available domestic feed supplies the year round, steadily and at good quality. They intend by 1985 to conserve at least 500,000 tons of grain units, thereby contributing to the lowering of grain imports. The slogan "anything we produce we need not import" assumes more validity in the 1980's. The obligations assumed in this context serve as an example how to realize the economic strategy of our party.

The utilization of all internal reserves, the purposeful abolition of unjustified differences in the performances of barn collectives and brigades, LPG's, VEG's and their cooperative facilities is one of our most important projects in order to achieve the results of the best.

Here we still have large reserves, and it is the proven principle of our work morally and materially to encourage and reward the commitment of livestock handlers to their full development.

In order to conserve grain many LPG's have proceeded more largely to feed vegetables and high quality coarse feed to pigs.

Such initiatives must be combined with performance specific feed regimes. This results in further feed conservation, something of great importance also for the industrialized facilities of livestock production. It will be necessary to increase the use of coarse feed for beef fattening and sow rearing so as to diminish deliveries of feed concentrates from the state feed fund.

Together with the LPG's and VEG's these facilities must provide the prerequisites for having available feed produced in the home enterprise.

Healthy Animals by Tender Loving Care

Very important indeed is the recovery and utilization of all local feed reserves, especially kitchen wastes. Despite all the advances achieved here we still meet unduly differences among cities, kreises and bezirks--differences that must be overcome by closer cooperation among all responsible state, economy managing and social organs.

Large, stable and healthy livestock holdings represent a significant part of our national wealth. Its reproduction, especially in these weeks and months, must be considered an important contribution to the assurance of supplies to the public in the years to come.

We will therefore do everything in our power so to guide this process that the stock necessary for livestock production in 1983 will be achieved by steady plan fulfillment in 1982. The best possible results of livestock raising and the lowest losses have always been important items for prudent farmers.

Well trained milkers and handlers who look after the animals entrusted to them with tender loving care exert a good deal of influence on the development of performance.

Discipline, neatness and cleanliness are old but never obsolete principles of stable animal husbandry. Just as the protection of animals against epidemics, these are social demands that allow nobody to be exempted. State organs, veterinarians, LPG's, VEG's and cooperative facilities must at all times join to ensure the effective protection of our livestock and treat any negligence with due severity.

Cattle production is correctly described as the core of our economy, because it provides meat, milk, important raw materials for industry, and because it is also the outstanding supplier of barn manure.

At the same time beef cattle lives mainly off coarse feed. Here also we dispose of large reserves.

We will utilize them better than ever by increasing the useful life of cows, improve the quality of heifers and more effectively use selective breeding.

This represents a simultaneous challenge to our cattle breeders and scientists.

Increased milk production deserves the same resolution. The highest profits will be achieved by those herds where output is still considerably below average.

In this instance remarkable growth may be achieved by coarse feed.

The Tenth SED Congress suggested that cooperative farmers and workers [illegible]bers of the Union of Small Gardeners, Settlers and Small Livestock Breeders and other small producers should even better utilize all reserves for the production of plant and animal products. Everyone who contributes to this development merits and obtains support and recognition.

Such initiatives as "only a productive garden is a beautiful garden," "harvest at least 100 kg vegetables and fruit per 100 square meters," or "every small garden has one more bed of early vegetables" are eminently suitable for well preparing the Fifth Union Congress of the Union of Small Gardeners, Settlers and Small Livestock Breeders.

In this connection we also express our appreciation to the DFD /Democratic Women's League of Germany/ initiative with the slovan "our village is self-sufficient," as pronounced by the 11th DFD Congress.

LPG's, GPG's /horticultural production cooperatives/ and VEG's will provide even more assistance to individual production by supplying seedlings and young livestock.

We consider it appropriate, together with the retail trade and the Union of Small Gardeners, Settlers and Small Livestock Breeders, to make sure in every district that the network of purchasing centers is expended, receiving hours are better adapted to local conditions, and the shortest distances and best possibly supply efficacy are achieved everywhere.

We will support the justified wishes of individual producers for the easier acquisition of small mechanical aids, appliances, construction materials, and so on. The initiatives developed in this field by the VdgB-BHG /Peasants Mutual Aid Association (Peasants Trade Cooperative)/ are greatly appreciated.

The Motivation of a Young Brigade Leader

It is very advantageous for the socialist competition to be increasingly conducted by the example of the Kerspleben Cooperation by collectives of crop and animal production working together. Closer cooperation has served to develop further performance reserves.

We see emerging more and more initiatives by brigades and section collectives of crop and animal production on the basis of joint competition programs to organize the utilization of all reserves by mutual assistance with manpower and equipment.

This comradely cooperation also opens up new opportunities for the rapid abolition of unjustified differences in standards. As you know these are sometimes rather substantial and must be considered one of our prime performance reserves.

As in all cases we derive the greatest benefit here from Lenin's principles regarding the competition, such as publicity, comparability of results, repetition of the best achievements on a massive scale as well as material and moral recognition.

This was most aptly expressed by youth brigade leader Harald Behrens, "Wilhelm Pieck" LPG (Hamersleben), who sits as a delegate here among us. He said: "At the

present time and in view of the more difficult conditions we may no longer be satisfied with the goals we set ourselves just after the Tenth SED Congress.

The situation on the world market compels us to supply the public primarily with the yields from our own fields.

We have the potential for doing so. The results of the best show that our achievements are not yet at the standard of which it is possible to achieve. The performance of the best must be our criterion."

We are daily able to sense that the increasing initiative and readiness to serve of our farmers represents a greater challenge to all managers.

Here also we have outstanding experiences. Such excellent cooperative farmers as Fritz Dallmann, Frieda Sternberg, Dr Helmut Merke, Ernst Stege--whom I mention as some among thousands of others--are heading their LPG's since the days of their establishment in 1952. Year by year they continue to produce outstanding performances with their collectives in the fulfillment of plans and the improvement of yields.

We would like to express to them our heartfelt thanks--including to those who were in at the beginning of our socialist development, such as Comrade Bernhard Gruenrt, even though, either by reason of age or ill health, they are now no longer able to directly collaborate with us. They were the pioneers of cooperative construction. (Loud applause)

Science the Main Reserve for Improved Performance

As in all sectors of the economy, agriculture, forestry and the food industry too concentrate on the extensive use of science and technology for the accomplishment of the tasks assigned us.

That is our main reserve for the growth of output and greater efficiency.

We have capable research collectives who, in cooperation with their colleagues at the GDR Academy of Sciences, the universities and advanced schools, are able to carry out complex tasks.

In response to the resolutions adopted by the Tenth SED Congress and in preparation of our farmers congress we have reviewed our research projects and set more challenging targets combined with shorter research and development delays.

The numbers of project top performances were substantially raised.

Envisaged for animal production are results aiming to improve the weight gain of beef cattle and pigs, the increase in resistance to disease, and new animal nutrition regimes. They are to be better adjusted to a lowering of the volume of concentrate fed. Among others the output of wilted silage and hay is to be further developed and perfected.

The innovator and rationalizer movement has gained in size and quality.

We may claim the same for the MMM movement /movement of the fair of the masters of tomorrow/. Every third young person in agriculture, forestry and the food industry is involved. Almost two thirds of all MMM measures concern tasks arising from the plans science and technology. That speaks for the fighting spirit and creativity of the FDJ in rural areas also.

We need constant and severe international comparisons and a healthy readiness to take risks in all spheres of farm research.

This requires a critical attitude toward our own achievements and the firm will so to apply our knowledge and skills as to more rapidly and extensively accomplish top performances consonant with practical needs.

Basic research is of increasing significance because it supplies the crucial impetus for the speed-up of scientific-technological advances. We will therefore further expand cooperation with the GDR Academy of Sciences and the scientists of the USSR and other socialist fraternal countries.

As concerns the transfer of scientific-technological results we have found it useful with the help of the GDR Society for Farm Sciences, regional scientific-technological centers, enterprise counseling services and scientists from the Academy of Agricultural Sciences to carry out user seminars and discussions.

Forestry workers and cooperative farmers have consistently made available more raw materials from the forests. In accordance with the Tenth SED Congress resolutions forestry workers consider the most pertinent object of their work the growth of raw materials output and the improved cultivation and neatness of forests.

The diligent working people in our country rightly expect to be able to find rest and refreshment in our forests and to draw strength there for coping with their increasing work load.

Our people's attitude to its forests was demonstrated once again in the help given the removal of the damage caused by natural disasters in the Ore Mountains and the Thuringia Woods. These social initiatives enabled us to limit further damage by bark beetles, utilize fallen branches and quickly restore the potential and yield of these regions.

Many Suggestions for Energy Conservation

It is an absolute priority, an obligation and thanksgiving to our allied class most rationally and efficiently to utilize the great achievements made available by the working class for the intensification of farm production and the improvement of working and living conditions in our villages.

The present situation requires us, other than hitherto, to practice paterials and energy conservation. We must definitely make do with lower quantities in such important spheres as fuels, energy and other raw materials and substances.

We realize that we are still at the beginning, and that inventive cooperative farmers and workers are bound to think up hundreds of suggestions for fundamental change. Let me mention only a few vital issues such as rational transport organization, the utilization of transport space, the shift of freight to the rails and the complete utilization of the traction powers of tractors, the use of waste heat and wood gas.

Checks have shown us that fuel consumption may be lowered by some 1.5 percent by the correct setting of injection pumps.

This reserve also must be consistently exploited, because the implementation of our strategy depends on large as well as small savings, on every liter of motor fuel, every kilogram of coal and every kilowatt hour.

We bear most of the responsibility for lowering the consumption of heating oil by the rational operation of the facilities and for quickly replacing it by raw brown coal.

Another important task is the extensive development and utilization of alternative and waste energy.

Just as much importance must be assigned the most efficient use of all other materials. That applies in particular to chemical products such as nitrogen and phosphate fertilizers, insecticides and herbicides, plastic products and tires. As you know, their manufacture costs our economy substantial quantities of important raw materials and energy.

Careful Maintenance of Equipment Extends its Useful Life

A key issue of crucial economic significance is the most efficient use of our basic assets. They have more than doubled in the past 10 years.

The careful maintenance, servicing and storage of equipment has always been imperative for agriculture. After all, farming does operate in the open air.

Those LPG's are acting appropriately, that set up and cooperatively use maintenance depots and workshops for the operational removal of damage. This makes it possible to carry out many processes more rationally and cheaply. Together with the bezirk and kreis councils as well as with the LPG's and VEG's we are working on setting up the still missing 1.9 million square meters of simple shelter, giving this task the priority it deserves and calling mainly on local reserves.

Many suggestions deal with the lowering of repair costs.

We support any motions directed to that point and aimed at further improving the quality of repair work, on repairing or replacing only that which is really damaged and on carrying out repairs in those locations that are both close by and efficient. Kreis enterprises for agricultural equipment will thus continue to fulfill their function as strongholds of the working class in rural areas.

As regards supplies of spare parts, cooperative farmers and workers will endeavor further to lower consumption.

Moreover, we will raise the reprocessing of spare parts in agriculture to M1.1 billion by 1985, a 60 percent increase. We will then meet about 40 percent of our spare part requirements.

At the same time cooperative farmers expect the workers in the farm machinery construction industry to continue to raise their efforts in this field. Joint endeavors will then guarantee the constant operability and performance of equipment.

In the period through 1985 the material-technical base will be further perfected. The main approaches here are rationalization and modernization so as to improve the efficiency of all live and objectified labor.

As regards the use of the investments available, LPG's and VEG's will act correctly by concentrating on measures for the intensification of crop production, the improvement of soil fertility and the lowering of losses as well as the best possible useful effect of investments and the curtailing of realization delays.

In order most rationally to carry out the assignments included in the draft resolution with regard to the establishment of storage capacities for liquid and solid manure, we have handed the bezirk councils tested procedures and projects. The same applies to the construction of air conditioned storage facilities for high quality hay.

We have also concluded that it is imperative for more to be done with reference to simple drainage on meadows, drainage procedures on tilled fields, the prevention of soil compacting and erosion.

Farm machinery and tractor construction will continue to concentrate on making available important prime machines. These will be complemented by our own rationalization aid construction.

Many questions concerned the mechanization of feed production. In addition to swath and chaff cutters of various types it was therefore decided to make available tractor drawn tedders, harvester attachments for the MTS 50 and GT 124 tractors for depositing feed and large volume loaders for hay and straw.

Rewarding Task for Innovators and Rationalizers

ZT 305 slope tractors and the required braked meadow rollers, slope fertilizer spreaders and sprayers as well as milling drills will be produced to help mechanize sloping fields for the cultivation of feed.

As for animal production, in addition to the importation of light tractors for the mechanization of barn work, agriculture and industry are developing our own barn machine, the HT 140. It will be made gradually available by the farm machine construction industry through 1985.

Still, our efforts in research, development, design and construction must be further raised in order constantly to make available for arable farming and livestock raising such machines and devices as will be lighter, less liable to breakdowns, more efficient and using less energy--better to meet the conditions of our age.

This includes the perfection of existing equipment. In animal production we are concentrating on the further development and use of mechanized feeding, cleaning and milking procedures. This will provide the conditions for rising output and the conservation of working hours, for better working conditions.

We want to provide every prerequisite--in particular by making available designs and devices from our own rationalization aid construction--for ensuring that by 1985 some 2 million beef cattle stalls, about 3 million pig stalls and roughly 0.5 million sheep stalls are modernized. That is also the most effective approach to a substantial lowering of construction costs and a cut in building delays by a third or even a half.

Intercooperative construction organizations and land improvement cooperatives must be so developed that they themselves may carry out rationalization and maintenance in their central enterprises and villages with the greatest possible efficiency and the shortest construction delays.

That is why they were set up by the LPG's and VEG's, and it continues to be their chief purpose.

The target of doubling the output of rationalization aids by 1985 has had a significant response.

Here we have a rewarding field of operation for our 200,000 innovators and rationalizers, for fitters, foremen, engineers and scientists. We confidently expect the continuing support of our socialist engineers organization, the chamber of technology.

Many of the various 300 products we are now manufacturing ourselves go back to innovator ideas.

By 1985 we will expand the range to 450 products and thereby close the mechanization gap. Embarking on this great task of doubling the output of rationalization aids we call upon industry effectively to assist us by the delivery of subassemblies and components.

The masterful application of socialist management is a basic prerequisite for the implementation of the Tenth SED Congress resolution. Much depends on the success of appropriately and scientifically arranging the enterprise and working organization in accordance with prevailing local conditions.

Regional conditions, the location of villages and production shops as well as traffic conditions must be more closely observed. It will be useful definitely to assign the sections or brigades a fixed area of land, the appropriate livestock and the necessary capital equipment as well as clearly holding them responsible for their proper use.

By way of the plan the brigades will receive clear production and reproduction tasks as well as targets for any costs they may be able to affect. The cost/profit concept is to be encouraged by, for example, the use of the log book and personal accounts.

At the same time we oppose any rigidity in the work of sections and brigades.

Thorough calculations everywhere should establish the most useful organization in the respective location.

Performance and distribution are united in socialism. That is an economic law that may not be disregarded by anyone. The consistent observance of the performance principle requires most of all that the managers set a good example to their collectives, and that their remuneration be at all times linked to the progress of the cooperative.

It is an expression of cooperative democracy if--consonant with the charters--appropriate resolutions are adopted so as to guarantee the implementation of the performance principle for all senior cadres.

Therefore: Quality and efficiency must enter more into material interestedness.

Regarding the use of socialist management principles, a particularly great responsibility lies with the chief bookkeepers. We have therefore a new "order on the responsibility and position as well as the tasks, rights and duties of chief bookkeepers in LPG's and their cooperative facilities," enacted to take effect on 5 January 1982.

This order aims greatly to elevate the role of the chief bookkeeper in the comprehensive application of the principles of socialist management as well as further to improve order and discipline in the handling of socialist property.

As you know, the Tenth SED Congress set us the task of preparing a reform of farm prices. We are strenuously working on this. It will serve the further consolidation of the alliance between the working class and cooperative farmers and aims even better to utilize the economic laws of socialism.

Greater Efficiency of Economic Accounting

By the adoption of industrial prices for raw materials, other materials, energy and equipment, the actual costs to the economy and the actual economic performance of agriculture will be demonstrated.

These new prices meet the costs and guarantee the expanded reproduction of cooperative property. The efficiency of economic accounting is raised.

Farm price reform therefore encourages material interestedness in a significant rise in performance and an equally significant reduction in production consumption. Prerequisites will be created for all LPG's and VEG's profitably to produce by the exploitation of their natural and economic production conditions.

More than hitherto will rises in yield and performance improve the economic results of LPG's.

On the other hand yield reductions, losses and unwarranted spending will also have greater effects. This will require management fully to take heed of the new cost and earnings conditions and to increase efforts for the improvement of the cost/profit ratio.

Some transitional measures in this direction have already taken effect this year.

Much support is given the introduction of a premium for the growth in crop and animal production cooperatives of market production not requiring outside purchases.

Up to 30 percent of this premium may be paid into the enterprise premium fund over and above the normal.

In creative application of Lenin's cooperative plan the SED Program characterizes cooperation as an essential feature of the party's farm policy.

That applies especially to the collaboration of crop and animal production cooperations and has been generalized in the "principles for the work of cooperation councils in socialist farming" of February 1980.

The greatest progress is achieved wherever the cooperation councils concentrate on such basic tasks as are emphasized in the draft resolution. Actually they aim at the largest possible market production not requiring any additional outlay, coupled with the greatest possible productivity and the lowest possible costs for each partner in the cooperation.

Socialist Conditions Imprint the Image of the Village

In this context many letters to the congress proposed that the cooperation councils should exercise a more lasting influence on the drafting of enterprise plans in order to produce balanced proportions of crop growing and animal husbandry as well as the agreement of interests as early as the planning process.

The establishment and use of common financial funds increases the responsibility of the cooperation partners for the unified reproduction process and balanced economic relations within the cooperation.

With the permission of their superior organs VEG's may participate in the establishment of the common reserve fund.

Workers, foremen and engineers, including many women and youths, in enterprises and combines of the foodstuffs industry provide a responsible contribution by processing agricultural raw materials with the greatest possible profit and at best quality and making available valuable raw materials for the food, light and chemical industries.

They deserve our recognition and sincere thanks.

Rapid advances in materials management, the preprocessing and processing of agricultural raw materials are particularly important for our economy.

It is imperative completely to process and increasingly refine agricultural raw materials.

The best possible materials management in the foodstuffs industry presumes close comradely collaboration in production, purchasing, transportation, storage, preprocessing, processing and selling. Cooperation associations have turned out to be very museful.

Cooperative farmers consider it an expression of solid confidence for Comrade Erich Honecker, general secretary of the SED Central Committee, in the Central Committee report to the Tenth SED Congress to have emphasized the following: "Our farm policy continues as set out in the SED Program to aim at perfecting socialist production conditions and consolidating the alliance between the working class and the class of cooperative farmers. We therefore intend increasingly well to utilize all the potential of cooperative property and further to strengthen the class of cooperative farmers."

This characterizes the class of cooperative farmers as having a firm place at the side of the leading working class in the further organization of the developed socialist society.

Now and in future their LPG's will imprint the image of the socialist village.

Good cooperative work and socially conscious action will raise the performances of the 3,969 LPG's in our country, perfect socialist production conditions, improve working and living conditions and gradually overcome any significant differences between the city and rural areas.

The LPG Law and Our Democracy

The new LPG law reflects the historical process of cooperative development. It documents the fact that in the GDR the glass of cooperative farmers, the LPG's and cooperative property are an indispensable part of the socialist society.

That is truly Marxist-Leninist alliance politics!

The new LPG law will be an effective guide and aid for the all-round application of all the proven principles of cooperative management consonant with the social and economic stage of development already achieved, and to constantly further perfect it, to make life and work in the villages better and more attractive.

Cooperative farmers are increasingly aware that their respected place in society, their prosperity and secure future is the firm base of our workers and farmers state.

From the rostrum of this congress we renew our affirmation of the firm resolve further and all-round to strengthen this our state at the side of the leading working class, and to protect and defend it against all imperialist plots. (Fervent applause)

This profoundly corresponds to our humanist vital interests and is our honorable civic duty. At no other time in history were farmers as a whole able to so completely back a German state.

We may do so because it is the first workers and farmers state.

Our words and deeds carry a great weight in this country.

We are prepared at all times to protect and defend our present and future achievements, given the leadership of the Marxist-Leninist party and at the side of the working class. (Long and fervent applause)

We farmers are not impractical dreamers. We know that the arms policy of U.S.imperialism and its NATO allies threatens peace as never before.

Our contribution to the steady strengthening of defense powers consists in good cooperative work just as in the further improvement of defense preparedness and the utmost vigilance in all sectors of social life. All that is a matter of honor for all cooperative farmers.

We have every prerequisite for steadily more effectively organizing cooperative democracy and--as proclaimed in the new draft LPG law--comprehensively developing the collective formation of opinion and resolve for the preparation, adoption and implementation of cooperative decisions.

Farmers are extremely responsible people and themselves organize their cooperative relations. They also work in the elected organs of our state power, in the councils for agriculture and foodstuffs industry as well as in the groups and committees of the people's representation and are actively involved in the management and planning of social development as a whole.

As Comrade Erich Honecker stressed at the Third Central Committee Plenum, the class of cooperative farmers has a great future, indivisibly linked to the education and training of young cooperative farmers.

It remains a fact that children's professional ambitions are largely affected by the educational influence of their parents. Every LPG must do its best to help here.

In close cooperation with parents, the schools, the FDJ and the Pioneer Organization Ernst Thaelmann, many LPG's do quite early on try to interest the children of cooperative farmers in choosing a farming profession, have them trained by experienced cooperative farmers and recruit them as members while they are still apprentices.

As always in the past 30 years our Free German Youth is a powerful force for keeping the LPG's young and having young people themselves develop initiatives for the allround strengthening of LPG's.

Field of Action for the Energy of Women

The personalities of modern women farmers go far to illustrate the great revolutionary changes in our farming.

We are proud to say this: Many women farmers in crop and animal production are among the best in the socialist competition, are successful innovators and achieve much for all-round plan fulfillment. (Loud applause) They are therefore highly respected and merit our heartfelt thanks. (Long and loud applause) It is in the interest of every LPG to maintain and, if possible, increase the proportion of women working in crop and animal production.

As for crop production, our women farmers are increasingly useful in handling equipment. That serves the better utilization of their training and is also a precondition for the effective utilization of equipment and the completion of all work at the most favorable agrotechnical time.

The results achieved in animal production are not to be thought of without the diligent and responsible work of our women farmers, because one in two animal husbandry personnel is a woman. This must be valued all the more highly because working conditions here still tend to be hard and difficult. By way of rationalization we will resolutely create better working conditions for women farmers.

The greater role and status of women also means that even more female university and technical school cadres must be entrusted with management functions. Many women farmers, including 115 chairpersons of LPG's and directors of VEG's, constantly demonstrate their ability intelligently and prudently to manage collectives.

Just as the Tenth SED Congress said, women intend to contribute more than just hard work and skilled hands.

We consider it our obligation to deploy our extensive educational potential even more consciously for scientific-technical progress, the further rise in performance, effective politico-ideological work, a full and cultured life.

At the same time it will be necessary further to improve the "schools of cooperative labor," that have stood their first test in preparation of our congress.

It is imperative to encourage the abilities and skills needed for the unified reproduction process in crop and animal production.

Apprentices and students will therefore in future receive a comprehensive and relevant education in basic management and techniques. Only after that--if required--will they specialize.

The further education of management cadres and job-related training will be directed to the basic need to handle the unified reproduction process.

In this context we would like to praise our instructors, educationists and teachers in all educational facilities. We are certain that they will pass on their wealth of experience in order to teach even better craft skills in the course of theoretical and practical instruction.

Villages Where People Like to Live

It is part and parcel of all this that a young cooperative farmer who has learned to handle modern equipment should equally be able to handle a scythe and milk a cow manually, that he be able resolutely to put his hand wherever it is needed. (Loud applause(

Daily life in rural areas convincingly demonstrates how living conditions are changing in the course of the implementation of the main task along with the increase in output. Even more important: Cooperative farmers now enjoy social security.

That is the magnificent achievement of the triumph of Marxism-Leninism in the villages also.

The village is at once work place and residence.

Neat, properly cultivated fields and high quality livestock are just as much a part of that as nice houses, productive gardens and households, social, cultural and service facilities and decent stores. All this must be present to make what we call a "nice village."

It is among the great social achievements of our party that the sociopolitical program is fully effective for cooperative farmers too.

The new construction and remodeling of 55,000 housing units by 1985 will serve to improve living conditions for another tens of thousands of cooperative farmers and workers.

Our LPG's, VEG's and other enterprises of socialist farming spend more than M1 billion per annum--a notable sum--to improve working and living conditions. They could be even more effectively deployed in the interest of all villagers if the partners in cooperation were more fully to synchronize their efforts with those of the communal representations and all social forces in the village.

No villages or parts of them anywhere must be allowed to remain backward. The GDR is a densely populated country with highly intensive production in all areas. It has no superfluous villages or settlements.

Close cooperation with the local organs must serve to achieve further advances in health care, the utilization of creches and kindergartens, children's vacation facilities, the expansion of services and facilities for intellectual-cultural and sporting life.

We set great store by the cultural activities carried on in the more than 10,000 popular art collectives. They are particularly valuable for the development of personalities and the total climate in the village.

We welcome the continuing growth of the group of artists who nurture steady contacts with work collectives in LPG's and VEG's. This is having outstanding results in, among others, literature, fine art and music.

We are also glad that, for the first time now, before the congress, an agreement was signed by the Ministry for Agriculture on the one hand and the League of Graphic Artists in Germany on the other. We are looking forward to the Ninth GDR Art Exhibition with the highest expectations.

We are also convinced that the imminent cultural festival of socialist agriculture will inspire new impetus. It will be held on the occasion of the 19th Workers Festival in Neubrandenburg.

From the rostrum of our 12th Farmers Congress we may thus assert that the most significant differences between the city and rural areas will be gradually abolished in the GDR, consonant with the targets of the agrarian policies of the party of the working class. That is a magnificent achievement. (Loud applause)

All Together With the Farmers

We have remained faithful to the tried and tested principle of Marxist-Leninist agrarian policies--to discuss and carry out everything together with the farmers. Our farmers congress was prepared on a broad democratic basis. In the course of this many new initiatives and actions emerged.

In this period of time, led by the SED, the close cooperation of all those parties and mass organizations united in the National Front has proven its worth once again. Many reserves were developed, and this will in future too represent a powerful force for our march forward.

It is an impressive sign of the maturity of our socialist democracy that almost 850,000 cooperative farmers and workers (including many citizens not directly employed in farming) participated in the 6 months of public discussion of the draft resolution and the LPG law.

More than 34,000 cooperative farmers and workers attended and spoke at annual general meetings, district farmers conferences, labor union elections and many other public events.

The oral and written suggestions regarding the drafts of the 12th Farmers Congress documents resulted in additions to the draft resolution of the farmers congress and the draft LPG law.

We may therefore honestly claim that cooperative farmers and workers themselves helped write the drafts submitted to our congress. This also demonstrates the nature of our socialist democracy.

The course of this public discussion was a persuasive reflection of the approval and confidence of cooperative farmers in the successful policies of the SED and our socialist state.

All those actively involved in this discussion are hereby thanked by the committee preparing the 12th Farmers Congress. We are grateful for the many suggestions and proposals. (Loud applause)

At this our congress we are discussing the tasks and targets for the continuing successful implementation of the Tenth SED Congress resolutions in agriculture, forestry and the food industry. We are thereby confronting a great challenge.

We wish to promise Comrade Erich Honecker, general secretary of our party, the leadership of our party and our state that we will tackle this work with confidence and optimism, because we have all the necessary prerequisites for accomplishing our growing tasks in the 1980's too.

And the best guarantee, dear cooperative farmers, is offered by the unswerving alliance with the working class in our country, the powerful party of the working class, our SED. (Long and fervent applause. All rise from their seats. Cheers for the party and state leadership)

11698
CSO: 2300/337

CEMA'S PROBLEMS, FUTURE IN WORLD ECONOMY ANALYZED

Budapest VALOSAG in Hungarian No 7, 1982 pp 1-14

[Article by Laszlo Csaba: "The Place of CEMA in the World Economy"]

[Excerpts] Since CEMA integration basically determines Hungary's external economic environment, of fundamental importance to Hungarian economic policy and foreign policy in making the basic strategic decisions for the 1980's is the question of what the position of CEMA integration will be in the world economy during this period. Will the economic policy of the CEMA community and of its member nations be characterized by a continuation or even intensification of the process of opening up to the world economy that began in the 1970's, or on the contrary will it be characterized by economic isolation, by a policy of increased "reliance on own resources"?

The answer is not unambiguous. In the economic literature it may be regarded as proven that an even more consistent continuation than in the 1970's of the process of opening up the CEMA countries' economies to the world economy, and--inseparably linked to this policy--the implementation of comprehensive economic reforms to create an economic and institutional environment adequate for such a policy, are the one and only sensible altrernative. In spite of this there appear from time to time in the political and ideological literature, and occasionally even in the economic literature, writings that recommend "closure," a reduction of the degree of "dependence on the West" that is regarded as excessive. Will not the slowdown of the process of detente and the worsening of relations between the superpowers--which can be expected to coincide, at least in the intermediate term, with a stagnation of East-West trade (as a result of the world economy's structural rearrangement)--make it necessary, desirable, or at least the inevitable consequence of a "necessary evil," for the CEMA countries to turn inward? This frequently asked question warrants that we inverstigate not only from the viewpoint of "what is desirable," but also in terms of a possibly objective and impartial forecast, the relationship between East European regional and wordlwide cooperation and its feasible extent, and that we outline--accepting also the possibility of error--the factors supporting the different external economic alternatives. The often barely perceptible differences between the possible and the real, the desirable and the probable, make this forecasting task exciting.

Interdependent Nature of Regional and Worldwide Integration Within CEMA

Hungarian economic research in the 1970's--both general theoretical research of the world economy, and specific research of CEMA--demonstrated that the processes of regional integration and of worldwide integration are parallel; i.e., that regional cooperation, which earlier seemed to be turning inward, has in a sense turned outward. This applies partially in a descriptive sense and partially in a normative sense. In a descriptive sense, to the extent that the intensification of the exchange of activities between the two world markets has increased, which is evident--among other things--in the rising dollar content of ruble-denominated export, and in the rising ruble content of caspitalist export that is due also to the material-intensive structure of this export. And in a normative sense, this turning outward has been formulated as a requirement of integration into the world economy from the side of export, in criticism of the one-sidedness of the CEMA countries' participation in the international division of labor. It has likewise been pointed out in the CEMA countries that the geographic transformation of the international division of labor, the characteristics of the key industries, a certain separation of the processes of microintegration from institutional integration, and finally the conditions for the successful "refinement" of the structure of foreign trade relatively diminish the role of the geographic and historical conditions, and relatively enhance the role of the market-specific and branch-specific factors in the international division of labor. As a result, regional cooperation can be interpreted only as an instrument of global world-market competitiveness.

Actually there was no question of regional isolation in the 1970's, although the objectives set in certain documents, and some statements by certain prominent authors could have created the impression that CEMA was aiming for isolation from the world economy as a whole, and that it was a hothouse offering protection from the shocks of the beginning of a new eara in the world economy.

This notion has nothing in common with the real economic processes, nor with the objectives jointly formulated by the CEMA countries and raised to the status of an international agreement. Under the present conditions of technical development and of the revolution in science and technology, no country, not even the largest one, can plan for complete technological self-sufficiency, not to mention smaller countries and hence the majority of CEMA members. As O. T. Bogomolov points out: "Trade between CEMA countries mutually accounts for only 6 percent of world trade, and therefore relations between CEMA countries are not as universal as relations on the world market. The well-known rules of pricing do not seperate this market from the world market to such an extent that a separate regional value (differing from the value on the world market) is created." Thus the prices that develop in commodity trade that constitutes 94 percent of world trade are the only realistic basis on which the CEMA countries can adjust the prices of their mutual trade, the more so because the CEMA countries trade not only between themselves mutually, but also with the developed capitalist countries and the developing countries. In other words this means that economic cooperation among the CEMA countries develops with due consideration for the world-economic (global) division of labor. In practice this means not only trade with non-CEMA countries, but also the application of the world market's instreumen.s and forms to relations within CEMA.

Today, in contrast with the situation four or five years ago, it is hardly necessary to prove that the processes of rearrangement in the world economy are of

significance also for the smaller European CEMA countries. The new relative prices, the worlwide structural oversupply of the products of many sectors due to the worlwide relocation of industries and to the maturing industrialization of the developing countries, the slow economic growth and "job-protecting" measures in the countries of Western Europe have created a new situation that cannot be regarded simply as another crisis in the business cycle (an hence capitalism's "internal affair"), because this situation directly (and unfavorably) affects also the CEMA countries. The 1981-1985 national economic plans that intentionally curb economic growth because of the external economic disequilibrium already indicate that this realization has become economic practice. The only exception is the GDR where the 1981-1985 economic plan calls for even faster growth than the impressive rise in national income and industrial output achieved in 1976-1980 (the new plan essentially repreats the original objectives for 1976-1980). It is not the purpose of this study to clarify the many questions and misunderstandings in conjunction with this. In the literature, however, the view is still maintained that for the Soviet Union that constitutes the core of CEMA, and unlike in the case of small countries, economic relations with the West (or foreign-trade relations in general) are of so marginal significance that they can be dispensed with and liquidated anytime a "need" (i.e., political decision) arises to do so. This argument, and the Soviet Union's size are usually cited to explain the disproportions between the CEMA countries' share of world output and their share of world trade.

An indication of unutilized opportunities for participation in the international division of labor in the case of the Soviet economy is the fact that the lower ratio of foreign trade to gross domestic product stems not only from the country's size, but also from the direction of economic development. In spite of this, the Soviet Union's external economic relations serve the realization of central objectives in conjunction with the development of the Soviet economy, including--among other things--the acquisition of additional capital necessary for the development of Siberia and the Far East. For this way it is possible to shorten even by one or two five-year periods (!) the realization of certain national economic tasks. The importance of foreign trade is increasing also in supplying the Soviet population with food and consumer goods.

An analysis of imports shows also that in the 1970's import played a significant role in the development of the Soviet chemical industry, transport and metallurgy. In 1976-1980, 15 percent of all new equipment installed in the Soviet Union originated from import, but in some important branches this proportion was between 16 and 50 percent. Noteworthy is the 20-percent Soviet import ratio of various fuels, raw materials and supplies; this included primarily special castings obtained by exporting standard castings, and also imports of large-diameter pipes used mostly by the petroleum and natural gas industry. Nor can we overlook the fact that farm and food-industry products and industrial consumer goods account for more than one-third of Soviet import (the proportion of imported industrial consumer goods on the market is 11.5 percent, higher than the 8 to 9 percent in Czechoslovakia, for example). Finally, also relevant is a relationship of Soviet economic history: in the Soviet Union, similarly as in other developing countries, technology transfer was an important factor during reconstruction as well as in the first phase of industrialization, and subsequently during World War II.

For the sake of a parallel, it will be interesting to note that although the wave of traditional isolationism has been periodically intensifying in the United States for decades, it has never led to actual American withdrawal from the world economy, for various considerations of domestic and foreign policy and perhaps even of ideology. The long-term decline of the United States' share of world trade (calculated from 1945 or 1950) merely reflects the abnormalitry of the base period. In the familiar manner and for well-known reasons, the volume of world trade reached its 1913 level only be 1963, and thus the data for 1945 or 1950, viewed in the light of a destroyed Europe and disorganized wrold trade, merely give a "distorted picture" of a United States mightier than it actually was. In spite of the domestic political efforts (to protect American jobs), it can be demostrated empirically that American import policy in the 1970's was more liberal than the much publicized import policy of Western Europe. To a large extent this explains why the United States remained the principal export market of the developing countries, despite the rising share of Western Europe. (In 1977, the United States absorbed 42 percent of the developing countries' industrial export to OECD countries.) In spite of the ideological indecision and the turning inward of the 1970's, the United States launched at that time its world-economic and world-political counteroffensive whose results now make de Gaulle's efforts to convert the European Economic Community into the third superpower seem almost unbelievable. And finally it is significant from the viewpoint of the relationship between foreign policy and the economy that the Reagan Administration, under the pressure of the farm lobby, lifted the grain embargo in the very midst of its ideological, foreign-policy and (again ideological or becoming so) military-policy offensive; it also rescheduled Poland's debt (on more favorable conditions and sooner than the American private banks) and concluded another long-term grain agreement with the Soviet Union. We believe that it would be unnecessary to prove here that the countries of Western Europe, particularly the Federal Republic of Germany, Austria and Finland are interested in "trading with the East."

Thus we must regard as entirely unsubstantiated the views appearing from time to time even today, in the Western press as well as in the press of the socialist countries, and attempting to present the system of East-West economic relations simply as a "slice of foreign policy" or rather as a secondary or dependent variable that clearly follows from the relationship between the "superpowers," even for the smaller or intermediate countries of Europe. Better substantiated, in both the descriptive and the normative sense, appear to be the sound assessments according to which "even if we assume that both the Warsaw Pact and NATO remain strong and pursue their original objectives also in the 1980's, this in itself will not determine the situation of economic relations between their members." In other words, "The cooling of relations between the Soviet Union and the United States does not have to overshadow the economic and political interests of the European countries to such an extent that they will be unable to assert these interests at all," and of course we can agree also with the assessment that it is necessary to develop a system of multilateral agreements as well, in addition to the bilateral relations. This is fully in accord with the efforts of CEMA and its member nations. The joint communique issued after the 1981 CEMA session held in Sofia, the April 1982 resolution of the MSZMP Central Committee, as well as the CPSU Central Committee's published assessment of the August 1981 summit conference in Crimea confirmed that the CEMA countries are striving for a

negotiated solution of the system of East-West relations, and that their interest is not of a short-term nature. Their set objective is not isolation from the world economy, rather an increase of the community's share of world trade, the increased comptetiveness on the world market of the products produced in the member nations, and consequently the member nations' further and increased participation in the system of global trade and economic relations. Today in practice this means--points out Willy Kunz, a GDR economists--that in decisions affecting East-West relations it is necessary to take into consideration the developed structure of the socialist countries' cooperation within CEMA, just as the decisions concerning CEMA integration are influenced by the individual member nations' developed relations with Western countries, and by the member nations' interests associated with these relations.

Then what alternatives are there for CEMA integration into the world economy in the 1980's? It can hardly be doubted that in every alteranative there will be a system of regional relations and one of global relations. The specific situation that has developed in East Europe at the turn of the 1970's into the 1980's can be summed up in the paradox that while the real economic factors act in the direction of turning outward, the institutional factors act in the direction of turning inward. On the basis of the experience of the 1970's, it is hardlly possible to answer this question as simply as the reform literature did in the 1960's, because the changes in the productive forces (the real sphere) unambiguously determine the given direction of change in the production conditions (institutional sphere).

This presupposes the necessity of adjusting to, and meeting the competition on, the world market. Besides the world-economic examples of uneven development's lagging branch (the United Kingdom and Argentina in this century, and China and India earlier), there is now also under socialist conditions the experience that specific and strong group resistance to institutional and personnel changes--if the group is able to assert its interests effectively--can successfully bar the abstract (valid only in historical persepctive) necessity of reconciling the productive forces and production conditions. Among the causes of the economic crisis in Poland, in addition to the excessive indebtedness (at a minimal return), overinvestment, and an arbitrary agricultural policy that discriminated against private farmers, the 9th Extraordinary Congress of the Polish United Workers Party identified as the most important cause the conservation of the traditional and rigid command-directed economic mechanism that is unable to utilize the modern productive forces. In other words, the former [sic] "reacted" here independently on the "basis," i.e., on the real processes. The economic mechanism--established the Polish party congress--formed economic policy in its own image.

Thus also practical reasons warrant the investigation of the mentioned paradox because the possibility of growing regionalization cannot be excluded, especially not if the process of detente breaks down drastically. But at the same time it should be borne in mind that no regional bloc has ever broken off relations with the world economy, not even during the years of cold war. At that time the umbelical cord to the world economy was preserved as a life-giving element, although significantly distorted and restricted to a fraction of the economically warranted level. Thus we do not have to anticipate the severing of this umbelical cord, not even in the case of a variant that calls for turning inward. Let us review the possible "points of linkup" between CEMA and the world economy, for both principal variants.

CEMA Turning Inward (Motives and Points of Linkup)

This alternative could occur in either of two cases: If drastic international political or military actions are taken that result in upsetting in international relations the system of formal and informal treaties, agreements, customs and communication that has evolved since the 20th CPSU Congress and can best be characterized as peaceful coexistence. Or if, for a variety of reasons, the system of managing the economy in the overwhelming majority of the CEMA countries changes also in the 1980's only within the traditional limits, and hence the qualitative characteristics of the mechanism of integration remain unchanged. Here it is important to call attention to the fact that the traditional centralized system of managing the economy, when "left to itself," reproduces autarchic tendencies.

It will be remembered that the command-directed system of economic planning and management was created to serve the economic-development strategy of a large country, with extensive resources, striving for self-sufficiency. This too contributes to the partially conscious and partially reflex-like preference for solutions that lend themselves to planning and can easily be implented through directives, which leads to a tendency to minimize the "unplannable" and "spontaneous" effects of foreign markets. Considerations of plannability (which often equate with the administrative-technical considerations of accountability in physical units and of the "identifiability" of the responsible institution) and of the security of supply unquestionably have preference in decision-making over any cost-benefit analysis, regardless of what dimensions and indicators are used to approximate the latter. This is made possible by the absence of feedback between the foreign market and domestic market, and by the subordination of the price system (and of money relations in general) to the plan's objectives in physical units. This follows from the entire mechanism's concept, specifically from attempting to transform the socioeconomic structure not by adjusting to the requirements of the market, but by deliberately rejecting the solutions induced by the requirements of the market, solely in accordance with the formulated objectives and considerations. An unavoidable concomitant of the given macroeconomic solution is that the absence of a price system capable of accurately reflecting the criteria of microeconomic efficiency and the shortages, and of helping the enteprises to adjust to the demand, also means the absence of a yardstick (measuring system) that could ensure the perspicuity and objectivity of the central decisions. This explains why the mentioned physical considerations (plannability and security of supply) decisively persist even after the "perfection" of the traditional system of economic planning and management, when management of the economy assigns an active role to monetary categories (the extent of this active role differs by variants). A good example of this is the intensification in 1974-1981 of the efforts in every small European CEMA country to build an uneconomic but domestic energy base for considerations of the security of supply; and also the continuing preferential import-substituting development of the basic materials industries, which likewise proceeded in parallel during the mentioned period, despite the different levels of economic development and the different comparative advantages in the individual countries of Eastern Europe.

The system of national economic balances, which unalterably remains the basic tool of national economic planning in the individual CEMA countries and is unavoidably

import-oriented due to its construction and techniques, likewise tends toward "internal" solutions. And finally the worsening balance-of-payments problems, the widening gap between the rising cost of import (be it technology, individual parts or special materials) and the material-intensive export that often consists of standard mass-produced goods and is uneconomical or has a declining economic efficiency due to oversupply and competition, will in the short term raise the idea of import restrictions in every country of the world, because this seems to be the most simple and most effective solution. And if within the community the frequency of shortfalls in internal trade in hard commodities increases, due to the parallel shortages of production capacity and parallel balance-of-payments deficits, and despite the introduced stricter conditions and sanctions, then this--in the case of raw materials and supplies, as well as of parts--will unavoidably lead to the practice of import substitution also in the socialist countries (or has already led to this practice in 1976-1980). This manifested itself at the state level in the already mentioned uneconomical and environment-destroying development of coal mining, and at the enterprise level in the intensification of autarchic efforts to "integrate" the parts producers, coproducers and manpower, i.e., to ensure supply through organizational measures. Most CEMA countries officially supported this process, through mergers and the establishment or reorganization of the intermediate managing organs. In Hungary, contrary to the intentions of the government and to the logic and principles of the economic mechanism, this process took place for similar reasons but "spontaneously," i.e., on initiative from below. Therefore it is not surprising that in the economic literature, as a reflection of the mentioned processes, there have again surfaced notions that regard the CEMA countries' economies as "excessively open." These notions of course do not have much in common with the real processes, as evident from the following data:

Country	Share of export in output of engineering industry	Share of import in supplying production needs of engineering industry
Czechoslovakia	28.4	22.3
Belgium	66.5	70.9
Netherlands	58.0	64.9
Sweden	51.4	42.1
Austria	48.5	61.5

Those who speak of "excessive openness" usually do not have the above international proportions in mind (Karel Zeman, the Czechoslovak economist, presents numerous other international comparisons in his cited excellent analysis, rather their starting point is the (given) economic potential of the CEMA countries and their limited ability to adapt. They point out the difficult situation of the world economy, the slow economic growth of the countries of Western Europe, and the intensification of competition for the slowly expanding markets. Prominent authors who did not participate in the debate likewise predict for the first half or second third of the 1980's a continuation of the crisis phenomena, a prolonged recession, a rise in the relative prices of fuels, a perpetuation of the monetary uncertainties, and a further growth of regionalization (regional isolation). And if we accept the two premises regarding adaptability and prospects, then the European CEMA countries will have no place in the international market (even if we disregard the possibility of an

intensification of the international situation), especially not if for ideological reasons we rule out the paths of development that are based on transnational or other direct import of working capital.

Although nobody expects East-West relations to break off, two possible directions of economic development are taking shape:

1. If we view with exceptional optimism the future possibilities of the division of labor within CEMA, we do so because the demand for changes (or the compulsion to change) makes a real breakthrough in the forms and possibilities of cooperation not only desirable but also probable in the first half of the 1980's. This change, the details of which will not be discussed, would be the basis for the Soviet Union's continuing to supply the bulk of the small CEMA countries' energy needs, i.e., for maintaining regional energy self-sufficiency. In exchange, Hungary and several other countries with favorable conditions could help to accelerate the integration of agriculture within CEMA. The agricultures of these countries would specialize primarily to supply the needs of the Soviet Union and of the other partner countries, and they could help to eliminate the unsolved agricultural and supply problems of certain member nations also by specializing in the production of light-industry products and industrial consumer goods. It should be noted that not only socialist but also Western authors have regarded as likely that the Soviet Union, for political reasons, might increase its export of petroleum and other fuels to Eastern Europe, although an analysis of the real processes does not support this possibility.

2. If we extrapolate the present situation, or in other words the difficult situation of both world markets, then under the precent conditions a "gradual devaluation of national labor," due to the differences between the structures of export and import, appears unavoidable in both principal destinations. In this case a reduction of the volume of foreign trade and the optimization (meaning a genereal restriction) of the openness of the economy would seem the only feasible solution in practice.

A certain disillusionment with economic reforms supports the alternative of turning inward. This is usually illustrated with the fact that the effects of a change in the system of economic management are statistically less conspicuous at first glance (there was hardly any significant difference in the growth of national income in the GDR between 1966-1970 and 1971-1975, and in Hungary between 1966-1970 and 1971-1975). It is contended that "there is no statistical evidence to prove that one or the other practice of economic management has resulted in a conspicuously faster economic growth or a smaller balance-of-payments deficit." Aside from identifying one system of economic management as the Czechoslovak system and the other one as the Hungarian system, generally no attempt is made to analyze the essence of the two systems and the differences between them. The conclusion is frequently drawn that the individual new solutions for economic management must first be subjected to experimental verification, and that primarily structural policy and economic strategy are suitable for overcoming the shortcomings that are hampering the effects of the economic mechanism. It is common knowledge that in the case of CEMA we cannot speak of an absolute shortage of fuels and raw materials. The key problem of the CEMA countries' long-term supply with the most important fuels and raw materials is not the paucity of mineral resources, and thus from the "real economic" viewpoint the regional solution is feasible if we disregard the economic effectiveness of extracting the

mineral resources, the need to advance the huge capital necessary for this purpose, and the availability or absence of the technology required under the conditions in Siberia.

It is likewise common knowledge that the CEMA countries' enterprises know very little about one another. Among other things, the sorry state of the flow of documentation and information explains why the technical development sections of the enterprises know relatively very little about the technical achievements in the other countries and the Soviet Union in particular, and why even today they are planning and developing on the basis of the traditional Western (mostly German) standards and technical advances. This, among other things, explains the still existing significant difference in the results of Soviet basic research and applied research. According to certain analyses, the Soviet Union's technical potential could be the basis for borrowing the most advanced technical results, for the modernization of industry in Hungary or in the small CEMA countries in general. Furthermore, since a widespread view holds that the reasons for procuring capital goods from the West are often only snobism, an official trip to the West or personal payments by the Western vendor companies, there are great possibilities to substitue socialist cooperation for unwarranted capitalist import, by stepping up socialist market research and tightening civic discipline. (This question, incidentally, is being investigated by several work groups, in the individual member nations and at the CEMA level.) There are untapped latent reserves in developing complementary territorial structures; in the elaboration of international regional programs; in developing the integration of transportation with due consideration for the potential developmental opportunities of the Soviet Union's individual eastern economic regions; in the closer inclusion of Kazakhstan, the Trans-Caucasus, Western and Eastern Siberia and of the Far East economic regions in the socialist international division of labor, etc. The fairly widespread view that the development of external and internal disequilibrium is not conducive to economic reform in the CEMA countries tends in this direction. In the opinion of many, it is not in the Soviet Union's interest to join the International Monetary Fund and the World Bank, nor can the small CEMA countries gain much by doing so. Currency convertibility, the long-term objective demanded by the IMF, is a monetary change that in itself will produce very meager results at immense cost in the social and economic spheres; and it also presupposes upsetting the entire system of economic management developed to date, as well as the "subordination" of the objectives of economic development to the demand of the capitalist world market. Instead of pondering how to gain access to new sources of credit, we have to reduce our excessive dependence on capitalist credits. In the 1970's Western banks rated the CEMA countries as better credit risks than the developing countries, specifically because the CEMA countries' direct control of the economy enabled them "to implement quickly and decisively the unpopular measures necessary" for adjustment (meaning the repayment of the loans). Prior to the developments in Poland, then, this appeared as an advantage of the traditional system for managing the economy, one that could play a significant role in fulfilling the principal task of the early 1980's, the rapid restoration of external economic equilibrium. In 1979-1980, for example, the CEMA countries were able specifically for this reason to curb import by such methods, and to improve the export-import ratio of their foreign trade. (This latter statement applies also to Poland through November 1980: the export-import ratio rose from 77.6 percent in 1978 to 84.6 percent in 1979 and 93.4 percent in November 1980.) And finally, the alternative of turning

inward seems to be supported also by an assessment of the world political situation which holds that the socialist community "overextended" itself in supporting the national liberation movements, and that consistent restoration of economic equilibrium requires a reduction of such commitments. In this case, however, the interest of the CEMA countries in the international (global) forums discussing the North-South problems will be reduced to a minimum, because their resources are more limited than previously.

CEMA's Turning Outward

This alternative differs from the preceding one in that the possibilities and facts are linked together in a different ratio, in addition to the ratio of the world-economic to the regional processes. When speaking in general of this alternative, it must again be admitted that the possibilities and factors discussed above could indeed contribute to an intensification of regional cooperation, raising numerous new possibilities of such cooperation. But the actual realization of these possibilities would necessitate the same changes in the CEMA countries' systems for managing their national economies, and in the mechanism of economic integration, as have been formulated since the mid-1960's in several CEMA countries by many authors but actually are not yet in place. The starting point is the assumption that, for a variety of reasons, a comprehensive reform of CEMA cooperation will not be realistically feasible through the mid-1980's, and that simultaneously the system of East-West relations will be characterized by conditions of peaceful coexistence, even though we will not be able to speak of a policy of detente (especially not in the original sense of this word). This alternative fits in with an intensification of the elements of military and ideological competition between the two world systems, but it presupposes reecognition of the system of mutual interdependence and mutual interests and, consequently, also that all interested parties will refrain from any military or political action that could lead to a break in the system of international relations that developed during the past quarter century. Furthermore this alternative also presupposes that the economic sphere will remain relatively independent, and that the bilateral and multilateral relations made possible by the individual countries' interests will not be subordinated automatically to "intersystem" conflicts and instead will exist as stabiliizing elements of the system of international relations. In this case we can expect a continuation and intensification of the processes begun in 1975-1980, and optimally (in the normative sense) even a slight modification of these processes. From the economic viewpoint this would mean that, unlike under the previous alternative, not the process of closure into the region would continue, but the trend of "import substitution" in the opposite direction, i.e., the member nations would obtain from outside the community the commodities (for example, raw materials, fuels and grain) that previously they procured from CEMA partners. This ties in with the fact that further expansion of the production of raw materials and fuels in the Soviet Union has objective limits, and thus Soviet deliveries to the smaller CEMA countries will not increase but periodically will even decline, or shortfalls from the mutually reconciled level will continue; this is something we must definitely reckon with.

The targets of the Soviet Union's five-year plan for 1981-1985 essentially allow for the stagnation or minimal growth of petroleum and coal production. Therefore some Soviet forecasts anticipate that while the small CEMA countries' energy

consumption was 580 million tons of standard fuel equivalent in 1975, of which 70 percent was from within the community, and 780 million tons in 1980, including 60 percent from within the community, their demand in 1990 will foreseeably be 1.0 billion tons, but only 50 percent of this will be produced domestically or imported from other CEMA countries. On this basis O. T. Bogomolov states: "The problem of raw materials and fuels must be solved not by itself, but by taking into consideration the development of other sectors, particularly the input/output ratios of the machine industry, and by investigating the feasibility of cooperation with developing countries."

Soviet economists have been emphasizing for years that the European CEMA countries can solve their energy problem only through cooperation with developing countries. If in addition to this we take into consideration also the fact that the Soviet Union's proven reserves of petroleum are estimated at 11 percent of the world total but its share of the world output of petroleum is 18 percent, furthermore that in the European CEMA countries there are not many fuel deposits that can be developed at low cost (and the ones that do exist can be extracted only under worsening conditions and at rising costs), and that the further expansion of production seriously threatens the ecological balance in several CEMA countries, then there truly appears to be no solution other than to increase the proportion of fuel procurement from countries outside the community. But at this point we must separate the entire question into two parts: the question of energy, and the East-South question.

So far as the energy intensity of the national economy is concerned, this obviously is not something determined by the given natural and technical conditions. International comparisons show that the CEMA countries' energy demand (aside from the fact that it increased by 30 percent in the 1973-1978 period, while the energy demand of the OECD countries stagnated) exceeds the energy demand of Western Europe. The energy intensity of economic growth in the CEMA countries in 1978 was mostly higher than in the notoriously energy-devouring and wasteful American economy, and several times higher than in Switzerland, representing the comparable small countries. This can be attributed to two factors. First, to the high proportion of energy-intensive sectors in the international comparisons (which, incidentally, is not in accord with the comparative advantages of smaller countries). And secondly, to the use of gross indicators in the system of economic incentives, which unavoidably leads to material-intensive and energy-intensive production.

Consequently the energy intensity of the national economy can be reduced considerably through the instruments of structural policy and economic regulation. This is confirmed, among other things, by the development in Hungary in 1979-1980. At that time the prices of fuels and raw materials were set more or less at the cost level of their most expensive import, and in two years energy consumption dropped by 6 and 4 percent respectively (of course the stagnation of national income in 1980 also must be taken into consideration). If energy conservation becomes a definite policy in the CEMA countries in the 1980's, then--in combination with the slower economic growth and with modernization as well--there probably will not even be any need for the fuels and raw materials (or for the bulk of their volume) that were to have been imported from developing countries. However, energy conservation requires installations and technologies obtainable for the most part only in the West.

Concerning the relations established with developing countries, these relations could hardly be directed predominantly toward the procurement of raw materials and fuels. The most important new feature of these countries' economic development during the past 15 years has been their increasing participation in the international division of labor in industry. The newly industrializing countries have repudiated in practice the old doctrine that it is not possible to overcome backwardness, especially not under the conditions of dependence on the capitalist world economic system. Because this view agreed with some interpretations of Marxian political economy, for years the CEMA countries barely took notice of the developing countries' successes in industrialization. In Hungary, as late as 1981, some authors essentially denied the existence of newly industrialized countries and their obvious export successes. Thus in their economic policies the CEMA countries viewed the entire East-South problem merely as a question of aid, or of supplementary sources for the procurement of raw materials.

In their relations with developing countries, then, the CEMA countries have to make up for past omissions primarily within the framework of the international division of labor in industry. Since most CEMA countries have exhausted their manpower reserves, the effectiveness of their national economies could be increased by joining the process of the international relocation of industries, and by procuring regularly and long term from developing countries the labor-intensive commodities, and also the material-intensive semifinished products that developing countries are able to produce with a comparative advantage. This of course will require a trade policy in which the up to now dominant ideological considerations are replaced at least partially by considerations of economic dynamism. This cannot be regarded as a political concession, because it would enable the CEMA countries to participate in the North-South dialogue with initiative, matching their words also with deeds. All this, however, will remain desirable rather than probable in the first half of the 1980's.

Credit is the sphere in which CEMA is linked spectacularly with the outside world. One can agree with the American prediction that credit will remain a permanent and important area of contact between East Europe and the world economy in the 1980's, even if attempts to solve Poland's indebtedness drag on without success. It is very important to note that the 88 billion dollars of gross debt that the CEMA countries piled up by the end of 1980 cannot be regarded as excessive internationally because that year the combined debt of Brazil and South Korea, for example, matched that amount. At the regional level the mentioned total is not excessive, especially in view of the fact that the community includes the world's largest producer of petroleum and gold. The problem is rather that the CEMA countries seem to have used a substantial proportion of the external credit resources not to modernize their economies and to organize the production and marketing of goods that can be sold on the world market, but to maintain in 1971-1978 their inward-turning economic growth, to offset their balance-of-payments and budgetary deficits, and to finance maintenance of the level of consumption and the terms-of-trade losses. This is why the servicing of their foreign debt has already caused problems for some CEMA countries and could cause similar problems for other CEMA countries in the future. Primarily Romania's situation has become difficult: that country's debt of 10 billion dollars could increase to 16 billion in 1982, and this necessitated in March 1982 a rescheduling of Romania's debt in the same way as in the case of Poland. According to Western estimates, the German Democratic Republic has to repay more than 4.0 billion dollars in 1982, which likewise seems a very difficult task.

Over and above this, the measures that the CEMA countries introduced in 1978-1981 to arrest the growth of their indebtedness have up to now been mostly of a defensive nature; i.e., the improvement of their balance of trade stemmed predominantly from curbing the growth of their import, or from its absolute reduction. Czechoslovakia, the GDR and Poland at their party congresses in 1981, and Romania at the Communist Party Central Committee's economic work aktiv (in July 1981) formulated strict import-curbing plans through 1985. Similarly in Hungary, one explanation of the modest targets for economic growth in 1981-1985 is economization on imports, because at a slower rate of economic growth the import elasticity of economic growth is substantially lower. It is a known fact that up to now in Hungary the principal factor in the spectacular improvement of external economic equilibrium has been the growth-slowing limitation of import, and an improvement of the production structure has been a factor to a lesser extent. However, some comments can already be made regarding the short-term emergency measures introduced so far:

1. The CEMA countries, despite their tight domestic energy situation, were able to increase in 1977-1980 primarily their export of sources of energy (in export to Common Market countries, the share of sources of energy doubled while the share of machinery dropped from 13 to 10.4 percent in the export of small CEMA countries, and from 2.6 to 2 percent in Soviet export). A further increase of this share in 1981-1985 will hardly be possible, in the absence of adequate export allocations.

2. Even the traditional agricultural exporting countries (Bulgaria and Poland) found it difficult to expand agricultural export in 1981. With the Southern European countries joining the Common Market, in the intermediate term these marketing difficulties will increase.

3. The CEMA countries' export of industrial goods is concentrated mostly in the "sensitive" or crisis industries (textiles, metallurgy, shipbuilding, and automotive industry) where protectionist measures can be expected because of oversupply.

4. Due to changes in the terms of trade within CEMA and the Soviet Union's increasing efforts to balance trade, more diversions will not be possible from the allocations for export within CEMA.

All these factors will probably mean a further increase in borrowing. Finance Minister Krzak predicts that Poland's foreign indebtedness will be 33 billion dollars in 1985. Especially a structure-changing offensive adjustment policy cannot be imagined without further borrowing. Therefore the estimate that the CEMA countries' total indebtedness of 70 billion dollars at the end of 1979 could even double during the 1980's provides food for thought. However, this is not merely a mechanical projection; it presupposes that the system of economic, domestic- and foreign-policy conditions for the outward-turning, export-oriented alternative will be ensured by both East and West.

In conjunction with the process of foreign indebtedness, it is often suggested that the CEMA countries become members of the international monetary organizations. The comment seems justified that so far the multilateral international organizations such as GATT and UNCTAD, for example, have been able to fulfill the CEMA countries' expectations only to a small extent. But from this it would be

hasty to conclude that, in addition to Hungary's recent accession, they are unlikely to join the IMF and the World Bank. In the CEMA countries there is growing awareness that the extent to which they are "at the mercy" of private banks is no less, but the conditions for borrowing or a possible extension are much stiffer than when dealing with multilateral international monetary institutions.

The consideration also arises that political blame for unpopular restrictive measures can be shiften on the IMF. Membership in the World Bank would simultaneously enable the CEMA countries to expand their export of infrastructural, agricultural and educational systems to developing countries where there is an effective demand for such systems. Finally, a loan from the INF in a difficult situation can enable a country to avoid the lengthy wrangling that keep it on the brink of technical bankruptcy, as in the case of the negotiations between Poloand and its 460 private creditors that lasted until February 1981 and partially even until April 1982. (Usually not even the ominous American banks "review" the conditions set by the IMF, as they did in the case of the loans made to Poland.) Therefore several CEMA countries are considering the idea of a truly global international monetary system. The aspirations and considerations raised in the professional press more than 15 years ago, the many reforms won by developing countries within the international monetary organs, their active credit policy, and also the latest experience with adjustment into the world economy as outlined above--all this led to where Hungary and Poland applied for membership in the IMF and the World Bank in December 1981, following in the footsteps of Romania, Laos, Vietnam, Cuba, China and Yugoslavia. This long overdue step contributed toward making the international monetary system universal, and toward the formulation of also the CEMA countries' interests within the newly forming system. In the long run also the Soviet Union's membership would be desirable in principle, because without the Soviet Union's participation the international monetary system would not be truly universal. At the same time, however, the question of the Soviet Union's membership carries different weight than the membership of the small CEMA countries, and even America recognizes that the Soviet Union's world position must be respected as a precondition for Soviet participation.

Finally, the question of currency convertibility also belongs in the circle of problems concerning a truly global international monetary system and CEMA's participation in it. The monetary chapter of the CEMA Complex Program raised the question of transferability and convertibility in relation to both the national currencies of the CEMA countries and the transferable ruble. Extremely different views developed on this question. In the opinion of some authors, the CEMA countries' common currency is already a real instrument of multilateral clearing and fulfills all functions that can be expected of it. Others point out that the currency nature of the transferable ruble is perefunctory and limited, which necessarily follows from the bilateral barter agreements and from the separation of the foreign and domestic markets. Regarding its future prospects, many ideas have been formulated, ranging from a convertible ruble that has a real Euroruble market, to the view that even 10 years after the adoption of the CEMA Complex Program still regards transferability within the community as an "interesting long-range question."

Because of the interrelations discussed elsewhere, I personally believe that the establishment of convertibility, or even of real transferability, would not be

timely in the first two-thirds of the 1980's. Convertible-currency trade within this framework ensures truly multilateral trade within CEMA and a direct link to the world market only to a limited extent (for ad hoc transactions) and partially (only to the extent of the credit balance not offset by the end of the fiscal year). However, limited external convertibility of individual national currencies might be achieved in the 1980's. Romania's official efforts in this direction are an obligation imposed by IMF membership. For these efforts to gain real substance and for the uniform exchange rate introduced as of 1981 to acquire an economic function, however, different and more profound changes in economic management are necessary than the "new economic and financial mechanism" introduced in 1978 and the changes (in themselves warranted) as of January 1982 in the price system for farm products and consumer goods. In Poland, if the political situation permits a comprehensive economic reform, the controlled-market system will make possible also the realization of the resolution that the 9th Congress of the Polish United Workers Party adopted for making the zloty convertible (although it will be more like the Latin American convertible currencies than the convertible currencies of Western Europe). Hungary introduced a uniform exchange rate in 1981 and will declare the forint convertible in 1982.

In its advanced form, the convertibility of national currency is a monetary category that summarily reflect the changes in economic policy, system of economic management and institutions that constitute the basic content of economic reform. The economic mechanism's decentralization, or more accurately the replacement of a system of management that at present is still based more on the plan or on the administrative hierarchy, on relationships of direct dependence between the enterprises and state administration, with a system based on the independence of ventures. In other words, from the viewpoint of the domestic economy it express a monetary integration that replaces the economy's hierarchic integration. And from the viewpoint of the extrenal economy, convertibility in its advanced form would reflect the integration of the individual CEMA countries' economies into the world econmy.

Since 1929, only a few countries that are the strongest participants in the world economy have been able to achieve absolute (complete) convertibility of their national currencies. For other countries with convertible currencies, only a lower level of convertibility--burdened with numerous restrictions--proved feasible, and even this they were able to achieve only gradually. For the CEMA countries, therefore, convertibility is primarily a macroeconomic orientation point, a compass for the further development of economic management. For Hungary, declaration of the forint's convertibility, limited for the time being, is feasible: the Hungarian National Bank will convert into any desired foreign currency the credit balances of exchange foreigners against any item of the balance of payments, if the exchange foreigners do not wish to spend their credit balances on any merchandise of their choice in Hungary. Since 95 percent of Hungary's import denominated in convertible currencies is paid for in cash, in this first step toward the forint's convertibility one must take into consideration that de facto convertibility already exists for Western businessmen as well as tourists, because they can spend their credit balances in the same way as exchange nationals, respectively they can be paid for their services in convertible currencies. Further substantive expansion of currency convertibility beyond this limited convertibility in the future will require two different sets of measures:

a. In the short term, sweeping relaxation or liberalization of the exchange controls that apply to citizens and are outdated to a large extent, and whose maintenance is no longer warranted. This is not an essential element of convertibility in the sense of financial procedures, but it is in a political sense, so that wide population strata can associate the declaration of the forint's convertibility with tangible advantages for themselves, and also that this sound economic-policy effort may gain public support.

b. In the intermediate and long term, realization of measures that will develop the economic content of convertibility as summarized above, and which will reinforce the economy's monetary integration. The most essential of these measures--raised in the economic literature some time ago or more recently, and still being studied by the state adminmistrative organs as abstract possibilities--are as follows: (1) Introduction of a value-added tax. (2) Development of a system of institutions for the flow of capital. (3) Further significant decentralization of enterprise organization and of the organization of enterprise supervision. (4) Further development or reform of the present simulated "competitive price system" into a market price system that is based on linking the domestic prices to the real prices on the world market, and on domestic and import competition. (5) Changes in the wage system that are related to the price system and the system of taxation, primarily the introduction of gross wages. (6) Raising the present below-average level of the exchange rate to a marginal exchange-rate level determined by the enterprises exporting under the least favorable conditions (approximately a 10-percent band). (7) Limiting the state budget's investment activity to the nonproductive infrastructure. (8) Institutionalization of such economic-policy behavior on the part of the government that is willing to adopt also effective measures for the discontimuation of unprofitable production, thereby making adjustment to the market the "norm" for enterprise behavior.

From the preceding it obviously follows that these measures--similarly as the declaration of the forint's convertibility--make sense only in context with the realization of CEMA's outward-turning strategic alternative that develops organic links with the world economy. Turning inward--as this can be demonstrated in economic history as well as logically--presupposes and leads to economic-management solutions of the command-directed type or to their gaining further ground. (In the 1970's, when these forms persisted and partially because of them, the CEMA countries were unable to integrate into the world economy from the export side.) If the interests associated with maintaining the developed structures and institutions unchanged gain the upper hand, or if foreign-policy or military-policy actions occur that do not take the economic interrelations adequately into account, then CEMA could adopt the alternative that has been characterized as turning inward. But it should be clearly realized that this type of development in the 1980's can be only a temporary detour; its occurrence would lead to a greater lag behind the world economy and to an intensification of social tensions.

If the CEMA countries are able to withstand the competition in the world economy and to successfully adjust to it, then integration into the world economy will proceed parallel with regional integration. The CEMA countries can join in the international division of labor from the side of export if regional integration becomes an instrument of export orientation. Then joint solutions to improve the

competitive factors other than pricing, and the development of joint marketing and sales networks will shift to the forefront of attention. The alternative of turning outward presupposes certain changes in the systems of economic management: then credit relations, the establishment of a division of labor in industry with the developing countries, and--partially as the realization of specialization agreements within the framework of long-range target programs--the importation from the advanced capitalist countries of technical and commercial results, and of parts and special materials that cannot be procured economically within the region, as well as the accession of additional CEMA countries to the international monetary organizations will constitute the points of linkup with the world economy as a whole. But if the economic mechanism's traditional system survives nationally or internationally, or if international political relations take a drastic turn, an inward-turning alternative also could develop. In this case relations with the world economy would be maintained out of necessity or to wind up previous relations, and they would consist primarily of imports of strategic raw materials, feed, grain, and--in a roundabout way--technology, particularly from Western Europe.

It should be pointed out that the alternative of turning inward is nothing new; it would merely mean an extension of the economic policy of import substitution that the CEMA countries have been pursuing for three decades. The contention is entirely untenable that a course of this type acts in the direction of "reducing our dependence" on the capitalist world economy, and especially that it actually can produce this result. One must not forget that the arguments in favor of this alternative mostly assume the existence or future occurrence of conditions that actually do not exist, without being able to justify such assumptions. And finally we must bear in mind also the social and economic tensions that would be unavoidable in the case of a defensive solution. Even at the cost of great sacrifices, then, this alternative does not show a realistic, dynamic, appealing and truly socialist perspective within which the productivity competition with capitalism could actually be won.

I personally find it hard to disagree with B. Averchenko's standpoint when he expounds that the socialist countries are not isolated from the events occurring on the rest of the globe, and that they cannot be indifferent to the fate of entire mankind. In "intersystem" relations, therefore, mutual accusations must be replaced by efforts to find practical solutions for the most pressing problems. This foreign-policy approach can create for the CEMA countries the environment for an offensive economic strategy. Without it, an inward-turning and lagging CEMA community's growing influence on world trade would be difficult to imagine, yet such growing influence is essential to substantiate an offensive foreign policy.

Besides the social and economic tensions, also the hopelessness of turning inward provides food for thought. But a CEMA organically integrated into the world economy could be an important guaranty of creating a new economic world order.

1014
CSO: 2500/333

ENTERPRISES DEVELOP NEW EXPORT PRODUCTS

Budapest MAGYAR HIRLAP in Hungarian 3 Aug 82 p 8

[Text] Amid foreign marketing conditions which are even more difficult than before, our industrial enterprises are making an effort to develop new products for which there is a brisk demand abroad. They are endeavoring to make more rapid use of research results, to perform more intensive market research work, and to improve the organization of overall production conditions.

The most successful product of the machine tool factory of the Csepel Works is now the Yashda processing center. When they decided at the factory to manufacture a precision machine tool complex with microcomputer automation, they opted for a Japanese license among the many foreign offers. They rapidly adapted the manufacturing technology, sent specialists to Japan for training, and made the prototype, which was soon successful. At last year's EMO [expansion unknown] machine tool exhibit in Hanover, and at the recently concluded biennial in Paris, foreigners spoke with praise of the new Hungarian product, which meanwhile received the annual spring BNV [Budapest International Fair] grand prise. The first purchaser of the Yashda equipment was a French firm, and since then they have given their order to Technoimpex for a third processing center.

The Labor Equipment Industry Works, which also has independent export-import rights, has for long been delivering for export various kinds of laboratories for institutions of higher education. This equipment is well known in the Soviet Union, Peru, Brazil and Mexico. But now for the first time the Esztergom factory has received an order for export of complete technical schools to Nigeria. In the sense of the contract it will send to the African country in the next 2 years nine schools giving secondary-level technical knowledge and all the laboratory and workshop equipment in assembled or planned condition. In these laboratories the students can acquire mainly natural science knowledge, and therefore a great part of the equipment is for instruction in physics, chemistry and biology. In order to deliver the order, which is worth 11 million dollars, in good quality and on time, other industrial enterprises were entrusted with the manufacture of many different kinds of tools and apparatuses.

The Hodmezovasarhely Agricultural Machine Manufacture Enterprise is seeking to find new buyers for its products by organizing on site machine and production demonstrations. With these, they want to deomonstrate the equipment level. They first signed an agreement like this with a Near East firm, and recently on a 50 hectare area, during the working day, they introduced their tomato and potato cultivator production line. The prospective purchasers could try out

the equipment for preparing the soil, sowing, preparing the seed beds, and for using rotary weeders and sprinklers. The trial period proved successful, and the partners have already sent in their purchase orders. Within several weeks they will also start a new series at Hodmezovasarhely in order that they may provide equipment also at a large-operational level.

Another agricultural machine manufacturing enterprise, the Redkard located in Gyor, also appeared on the market this year with new products: in less than 3 months on the basis of a commission from an FRG firm they were ready with the construction of the structural element of a silo-cutter-lifter. By the end of the month they shipped the first order, and by the end of the year they will export another half million dollars' worth of this equipment. On the basis of a contract with an Austrian firm, they prepared a special variable-speed gear transmission, and the Austrian buyer is now examining the prototype. The enterprise doubled its dollar revenues this year with the export of new products.

This year for the first time the Reanal Fine Chemicals Factory is exporting Redentin brand rodent poison. This extremely effective and important chemical protects produce from damage by field mice, and domestically numerous state farms and producer cooperatives are using it successfully. Because of foreign interest, new machine lines are being set into operation, and thus by year's end 10,000 tons will be marketed mostly in Romania and Bulgaria, but they are also negotiating with capitalist firms.

A number of light industry enterprises are trying to expand their circle of buyers by a more flexible adjustment to trends in style. For example, the Salgotarjan Clothing Factory is manufacturing 800,000 units of clothing, small coat and skirt ensembles, blouses, trousers, skirts and children's clothing, and 35 percent of these are for capitalist markets. Its products are no longer unfamiliar on FRG and Swedish markets. Finland has also entered on its list of buyers. At the request of a Finnish firm, the Budaprint Cotton Printing Enterprise is putting together 40,000 units of clothes and skirts of 100 percent pure cotton. The models were designed by the buyer. The Gyor Knit Glove Factory recently sent sample collections of stocking slippers and ten kinds of woven neckties to West European countries.

6601
CSO: 2500/351

END

END OF FICHE DATE FILMED

Sept. 17, 1952